

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

THIRD PUBLIC
ANNUAL REPORT
OF
MARSHALL FIELD & COMPANY
AND SUBSIDIARIES



YEAR ENDED
DECEMBER 31, 1932

BOARDS

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CORP. FILE

Our depreciation charges for 1932 were \$2,095,830, compared with \$2,095,841 for 1931.

The operation of The Merchandise Mart, after allowing for all operating charges, taxes, and interest on bonds, and making full allowance for current reserves, showed a loss of \$408,000, in addition to which we took a building depreciation of \$500,000.

Our various taxes, exclusive of Federal income taxes, exceeded 3% of our sales.

We are in a strong current position. Our current assets show a ratio of 7 to 1 to our current liabilities. Our cash and marketable securities of \$20,721,000 compare with \$16,451,000 in 1931.

We are advising our various managers not to stint in expenditures to maintain our physical properties in first class condition. During 1932 we spent \$437,762 for additions and \$558,157 for repairs. We shall continue this policy in 1933.

We are planning to inform our stockholders quarterly hereafter on the progress of the business.

JOHN MCKINLAY,
President.

MARSHALL FIELD & COMPANY

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash		\$ 12,513,504.47
Marketable securities at cost—		
United States Government securities..\$	6,021,838.31	
Bonds and acceptances	2,185,907.88	8,207,746.19
Market value of above securities at December 31, 1932, is \$8,338,760.		
Receivables—		
Customers' accounts and notes.....	10,649,020.88	
Rents, accrued interest on securities and notes, etc.	713,600.42	
	<u>11,362,621.30</u>	
Less reserves for doubtful accounts and discounts	1,284,492.48	10,078,128.82
Merchandise inventories, valued at low- er of cost or market.....		17,520,513.27
TOTAL CURRENT ASSETS.....		<u>\$ 48,319,892.75</u>

DEFERRED CHARGES:

Prepaid expenses and supply inventories	519,375.55	
Bond discount—balance unamortized..	294,387.00	813,762.55

OTHER ASSETS:

Employees' common stock contract accounts	1,025,964.70	
Securities in escrow.....	229,367.41	1,255,332.11

FIXED ASSETS:

Land	3,856,776.42	
Leaseholds	3,865,321.83	
Buildings	49,840,035.26	
Equipment	16,773,023.26	
	<u>74,335,156.77</u>	
Less reserves—		
Amortization of leaseholds	361,017.68	
Depreciation of buildings and equip- ment	21,050,225.88	
	<u>21,411,243.56</u>	52,923,913.21

GOODWILL, TRADE-MARKS, ETC.		1.00
		<u>\$103,312,901.62</u>

Contingent liabilities under Letters of
guaranty of A Century of Life Insurance Company
Dividends in arrears \$1,554,997.50

ANY AND SUBSIDIARIES

HEET—DECEMBER 31, 1932

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 1,164,043.06
Accrued salaries, interest and expenses	1,196,101.96
Accrued taxes—less \$1,037,372. tax	
anticipation warrants held thereagainst	3,769,599.41
First Mortgage Bonds due within year.	700,000.00

TOTAL CURRENT LIABILITIES...

\$ 6,829,744.43

FUNDED DEBT:

4½% Debenture Gold Bonds maturing serially Jan. 1, 1934 to Jan. 1, 1946.	11,078,300.00	
5% First Mortgage Serial Gold Bonds maturing June 1, 1934 to June 1, 1949	16,600,000.00	27,678,300.00

RESERVES:

Contingent	3,500,000.00	
Miscellaneous	647,489.82	4,147,489.82

EMPLOYES' MINORITY INTEREST IN CAPITAL STOCK AND SURPLUS OF SUBSIDIARIES

857,085.00

CAPITAL STOCK AND SURPLUS:

Preferred stock—7% cumulative \$100. par value—callable at \$120. Authorized 400,000 shares Issued, less in Treasury, 296,190 shares	29,619,000.00
Common stock—no par value Authorized 2,000,000 shares Issued, less in Treasury, 1,399,987 shares	13,999,870.00

43,618,870.00

Paid-in surplus	5,001,898.65
Earned surplus	15,179,513.72

63,800,282.37

\$103,312,901.62

of Credit (\$345,000.) and
ogress bonds (\$100,000.)
on Cumulative Preferred Stock.

MARSHALL FIELD & COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTS

For The Year Ended December 31, 1932

NET SALES TO CUSTOMERS.....		\$78,267,828.53
COST OF SALES AND OPERATING EXPENSES	\$83,540,785.14	
DEPRECIATION AND AMORTIZATION OF FIXED ASSETS	2,095,830.27	85,636,615.41
Net loss from operations		\$ 7,368,786.88
OTHER INCOME:		
Interest from securities, notes, etc...\$	530,282.80	
Miscellaneous income, net	297,167.63	827,450.43
Net loss before interest charges.....		\$ 6,541,336.45
INTEREST PAID		1,445,889.94
Net loss		<u>\$ 7,987,226.39</u>

CONSOLIDATED STATEMENT OF EARNED SURPLUS

Balance at December 31, 1931		\$22,190,427.86
Portion of inventory reserves written back—not now required		1,724,472.38
		<u>\$23,914,900.24</u>
Deduct:		
Net loss for 1932.....\$	7,987,226.39	
Write-down of employes' common stock contract accounts to book value of stock (parent and sub- sidiary corporations) held as collat- eral, less miscellaneous credits....	229,477.63	
Preferred stock dividend (\$1.75)...	518,682.50	8,735,386.52
Balance at December 31, 1932.....		<u><u>\$15,179,513.72</u></u>

BOARD OF DIRECTORS



JAMES SIMPSON

THOMAS H. EDDY

STANLEY FIELD

DAVID M. YATES

MARSHALL FIELD

JOHN P. WILSON

JOHN MCKINLAY

CHARLES H. SCHWEPPE

JAMES SIMPSON, JR.

OFFICERS



JOHN MCKINLAY, *President*

Vice-Presidents

DAVID M. YATES

WILLIAM G. BURT

FREDERICK D. CORLEY

GEORGE W. YOUNG

Secretary-Treasurer

THOMAS H. EDDY

KENNETH E. ARMSTRONG, *Assistant Treasurer*

RALPH H. PIERCE, *Assistant Secretary*

TO OUR STOCKHOLDERS

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Our annual report is presented on the following pages. Our stockholders need no extended explanation of the effect on a business of this kind of the depression now running its course. During the past year we have directed our efforts toward careful analysis, more efficient organization, and extensive retrenchment, so as to put the business in a position to respond quickly to better times.

The encouraging feature of our year's result does not appear in the report, but is shown by the following quarterly figures of our net results:

	1932		1931
First quarter	Loss \$2,294,100	Loss	\$ 429,900
Second quarter	Loss 4,107,000	Loss	870,700
Third quarter	Loss 1,709,800	Loss	2,092,500
Fourth quarter	Profit 123,700	Loss	1,751,300
Year	Loss 7,987,200	Loss	5,144,400

Normally in our business the last half of the year should be better than the first. As you will see, this was not so in 1931, but was decidedly so in 1932, when only 20% of the year's loss was in the last half. This last half year's loss (\$1,586,000) compares with a loss of \$3,843,000 the year before, although in the 1932 half year period we sold \$15,162,000 less merchandise.

Our sales by quarters compared with the year before were as follows:

	1932	1931	% Decrease
First quarter	\$19,370,200	\$28,888,300	32.9
Second quarter	18,646,000	30,046,800	37.9
Third quarter	16,357,700	23,496,900	30.4
Fourth quarter	23,893,900	31,916,700	25.1
Year	78,267,800	114,348,700	31.6

The sales for January this year showed a continued improvement.

Our operating expenses, exclusive of depreciation, were reduced 21% for the entire year. While this is less than the decrease in sales, we were able in the fourth quarter to show a greater proportionate decrease in expenses than in sales.

ARTHUR ANDERSEN & Co.

ACCOUNTANTS AND AUDITORS

ONE LA SALLE STREET BUILDING

CHICAGO

Marshall Field & Company,
Chicago, Illinois.

We have examined the accounts of Marshall Field & Company (an Illinois corporation) and its principal retail store and mill subsidiaries, The Davis Company, Frederick & Nelson, The Carolina Cotton & Woolen Mills Company and Marshall Field Mills Corporation, for the year ended December 31, 1932, and have examined the financial statements of the remaining subsidiaries on file at the home office.

Inventories, certified by the management as to quantities and condition, are conservatively priced at the lower of cost or market.

In our opinion, the accompanying consolidated statements fairly present the financial position of the companies at December 31, 1932, and the results of their operations for the year ended that date.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
February 16, 1933.



